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a California corporation

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
SACRAMENTO DIVISION**

In Re:

**Caffè Ettore Incorporated, a
California corporation**

1168 National Drive, Suite 10, Sacramento, CA 95834
TIN: xx-xxx1447

Debtor(s).

Case No.: 18-22152-B-11
DC No.: DL-04

Date: May 1, 2018
Time: 2:00 PM
Judge: Jaime
Courtroom: 32; Dept B
Place: 501 I Street, 6th Floor
Sacramento CA 95814

**EXHIBIT "A" IN SUPPORT OF MOTION TO APPROVE STIPULATION BETWEEN
DEBTOR AND FIVE STAR BANK TO AUTHORIZE USE OF CASH COLLATERAL**

The following exhibit is filed in support of Motion to Approve Stipulation Between Debtor and
Five Star Bank to Authorize Use of Cash Collateral [Docket Control No. DL-]:

<u>Exhibit</u>	<u>Title / Description</u>	<u>Starting Page No.</u>
A	Stipulation Between Debtor and Five Star Bank to Authorize Use of Cash Collateral	2

Dated: April 18, 2018

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ATTORNEYS AT LAW

By: /s/ Walter R. Dahl
Walter R. Dahl
Attorneys for Caffè Ettore Incorporated, a
California corporation

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**STIPULATION BETWEEN DEBTOR AND FIVE STAR BANK
TO AUTHORIZE USE OF CASH COLLATERAL
[11 U.S.C. § 363(c)(2)(A)]**

Caffè Ettore Incorporated, a California corporation ("Debtor") and Five Star Bank, a California banking corporation ("Bank") by and between their respective attorneys, stipulate and agree ("Stipulation") as follows:

1. Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code (11 U.S.C. § 101, et seq.) on April 10, 2018. No trustee has been appointed in Debtor's Chapter 11 case, and Debtor is managing its affairs as debtor-in-possession.

2. Jurisdiction for this stipulation exists pursuant to 28 U.S.C. § 1334 and 11 U.S.C. § 363.

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ATTORNEYS AT LAW
SACRAMENTO, CA

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1 3. Debtor is engaged in the business of retail and wholesale bakery & cafes in the Sacramento
2 metropolitan area under the trade names "Ettore's" and "Ettore's European Bakery" ("the Business").

3 4. Bank is a creditor of Debtor, and Debtor believes that Bank has a perfected first priority
4 security interest in substantially all of the personal property assets of Debtor and the estate, including
5 specifically but without limitation, the inventory, accounts receivable, chattel paper, general intangibles,
6 furniture, fixtures and equipment, and the proceeds thereof, of the Business.

7 5. In the ordinary course of operation of the Business, it will be necessary for Debtor to use the
8 receivables, inventory, and other personal property in which Bank asserts a security interest.
9 Specifically, it is imperative that Debtor be allowed the use of cash collateral to pay employee's payroll,
10 pay suppliers and overhead expenses for running the Business, and to pay other administrative expenses,
11 including quarterly fees to the United States Trustee.

12 6. The use of cash collateral by Debtor to pay suppliers and overhead will result in Debtor and
13 the estate obtaining new inventory and receivables that otherwise would not be available to the estate.
14 Pursuant to this Stipulation, such new inventory and receivables shall constitute replacement collateral
15 to Bank, as a part of the adequate protection to which Bank is entitled in consideration of the use of its
16 existing collateral.

17 7. Subject to the provisions of this Stipulation, Debtor is authorized to utilize the inventory and
18 accounts of the Business, and the proceeds thereof, to pay customary and normal operating expenses
19 in the ordinary course of the Business, and to pay administrative expenses including quarterly fees to
20 the United States Trustee in accordance with the monthly budget attached as Exhibit "A", with up to
21 a 10% monthly variance above each line item amount being allowed at the discretion of Debtor.

22 8. Nothing in this Stipulation shall preclude Debtor from requesting Bank's consent to the
23 payment of a retainer or periodic compensation to its authorized professionals, subject to the notice and
24 advance approvals otherwise required by Bankruptcy Code §§ 326-331, and Bank agree to evaluate and
25 respond to any such requests in good faith and on a timely basis. In the event any such requests are
26 approved, Debtor shall modify the monthly budget attached as Exhibit "A" and shall provide a copy of
27 such modified budget to Bank and to all parties which have then requested special notice in Debtor's
28 case. Other than as otherwise required by Bankruptcy Code §§ 326-331, it shall not be necessary to

1 obtain court approval for the requisite modification of this Stipulation. Notwithstanding the foregoing,
2 this Stipulation shall not constitute consent to the use of cash collateral for the purposes set forth in this
3 Paragraph, other than as to the \$4,000 per month line item set forth on Exhibit "A" to be tendered to the
4 client trust account of Dahl Law, Attorneys At Law as part of its initial retainer for services as Debtor's
5 bankruptcy counsel.

6 9. Debtor shall establish and maintain its debtor-in-possession accounts solely at American
7 River Bank. Debtor shall deposit all of its gross receipts, including all cash, checks, money orders,
8 credit card receipts, and debit card and other EFT's, directly and exclusively into its DIP accounts at
9 American River Bank.

10 10. During the term of this Stipulation, Debtor shall not purchase, lease, order, or otherwise
11 become obligated to acquire any motor vehicle, or any item of furniture, fixtures and equipment in
12 excess of a total cost of \$1,000.00, without the prior written consent of Bank.

13 11. During the term of this Stipulation, Debtor shall, to the extent practicable, minimize
14 purchases and other transactions in currency and coin, other than as part of its normal cash sales to retail
15 customers. During the term of this Stipulation, Debtor shall maintain a cash disbursements journal, to
16 which shall be posted contemporaneously with each non-retail cash expenditure, the date, payee name,
17 invoice number, description, and amount. Copies of this journal shall be provided to Bank upon request.

18 12. During the term of this Stipulation, Debtor shall maintain a cash receipts journal, to which
19 shall be posted contemporaneously with each non-retail cash receipt, the date, customer name, invoice
20 number, description, and amount. Copies of this journal shall be provided to Bank upon request.

21 13. During the term of this Stipulation, Debtor shall maintain a disbursements journal, to which
22 shall be posted contemporaneously with each disbursement other than cash and payroll, the date, check
23 number, payee, invoice or P.O. number, description, budget line category, and amount. Copies of this
24 journal shall be provided Bank upon request.

25 14. During the term of this Stipulation, Debtor shall provide to Bank upon request complete
26 copies of all payroll journals, tax withholding schedules and other reports prepared by its payroll
27 service.

28 15. On or before the 15th day of each month during the term of this Stipulation, Debtor shall

provide to Bank a complete copy of its monthly report of operations for the immediately preceding month, which report shall contain an income and expense schedule in the same format and with the same line item entries as the budgets attached as Exhibit "A", and shall include "budgeted", "actual" and "variance" columns for each line item.

16. As adequate protection, during the term of this Stipulation, on or before the 15th day of each month Debtor shall tender to Bank interest-only payments on each of the following loans:

Description	Loan #	Principal Balance	Undisbursed	Interest-Only Payment	Principal & Interest Payment	Maturity
Equipment Term	32514057	\$ 78,560.21	\$ 0	\$ 400	\$ 2,750	May 1, 2020
Revolving Line	31806876	\$ 500,000.00	\$ 0	\$ 3,350	\$ 5,702	May 7, 2018
Working Capital	922518694	\$ 225,000.00	\$ 0	\$ 1,241	\$ 2,800	Mar 1, 2027
Production Facility	932517902	\$ 1,536,538.08	\$ 0	\$ 8,047	\$ 18,740	Mar 1, 2027
Roseville	932517910	\$ 1,024,358.72	\$ 0	\$ 5,365	\$ 12,494	Apr 1, 2027
Letter of Credit	31806819	\$ 0	\$ 66,340			Jan 10, 2019

17. The authorization for use of cash collateral provided by this Stipulation shall be from April 10, 2018 through and including June 30, 2018, or the date of entry of an order confirming a plan of reorganization in this case, whichever occurs earlier. Following final approval of this Stipulation by the bankruptcy court, Debtor and Bank may extend its term by written agreement without the necessity of further notice and hearing or court order.

18. As adequate protection against any decrease in the value of their interest in any of its collateral and cash collateral, and to the same extent that their pre-petition collateral and cash collateral are expended, Bank is granted a security interest in all post-petition property of Debtor, the Business and the estate of the same type and in the same relative priority in which Bank had a perfected pre-petition security interest. The replacement lien(s) are limited to an amount equal to the diminution in value of the pre-petition collateral resulting from Debtor's post-petition operations. Such post-petition security interest shall be subordinate only to existing, valid, perfected, and non-avoidable liens and encumbrances senior to the pre-petition liens held by Bank (if any), and to the compensation and expense reimbursement (excluding professional fees) which ultimately may be allowed to any trustee

1 who may be subsequently appointed in this case.

2 19. As additional adequate protection against any decrease in the value of Bank's interest in any
3 of its collateral and cash collateral, Bank is granted a security interest in all personal property of Debtor,
4 the Business and the estate. Such security interest is limited to an amount equal to the diminution in
5 value of the pre-petition collateral resulting from Debtor's post-petition operations. Such security
6 interest shall be subordinate only to senior pre-petition, valid, perfected, and non-avoidable liens and
7 encumbrances against such property (if any), and to all the expenses of administration under Chapter
8 7 (including professional fees) in the event Debtor's Chapter 11 case is converted prior to confirmation
9 of a plan of reorganization.

10 20. The security interests granted to Bank by this Stipulation shall be perfected by operation of
11 law upon entry of an order approving this Stipulation without the necessity of filing UCC-1 financing
12 statements with the California Secretary of State or fixture filings with the applicable County Recorder.

13 21. In the event that, notwithstanding the adequate protection provided by this Stipulation, the
14 cash collateral of Bank is diminished during the period of use covered by this Stipulation, Bank shall
15 have an allowed claim under Bankruptcy Code §507(a)(1) in the amount of such diminution, and such
16 claim shall have priority over every other claim allowable under such subsection, subject to the
17 limitations of Bankruptcy Code §726(b). Bank's rights under Bankruptcy Code §507(b) are preserved.

18 22. Debtor waives any rights of the estate under Bankruptcy Code §506(c) for recovery against
19 Bank or its collateral of the costs and expenses of preserving such collateral incurred during the period
20 the estate is entitled to use cash collateral pursuant to this Stipulation.

21 23. Nothing in this Stipulation shall preclude Debtor from filing a motion with this court for
22 authorization to use Bank's cash collateral on terms and conditions different than as set forth in this
23 Stipulation, or in the event that Bank terminates its consent to the use of cash collateral pursuant to this
24 Stipulation.

25 24. Nothing in this Stipulation shall preclude Debtor or any other party in interest from
26 contesting the validity, perfection or amount of Bank's liens or debts, or the relative priorities between
27 and among Bank's liens, and any liens or encumbrances of any person not a party to this Stipulation.

28 25. Nothing in this Stipulation shall affect or limit the right of Bank to take any action or file

1 any pleading in this case, including, without limitation, a motion for relief from stay and/or for adequate
2 protection.

3 26. The occurrence of any one or more of the following shall constitute an event of default under
4 this Stipulation:

- 5 a. Debtor's failure to timely perform any obligation under the terms of this Stipulation;
- 6 b. appointment of a trustee under Bankruptcy Code §1104;
- 7 c. conversion of this Chapter 11 case to a case under Chapter 7;
- 8 d. resignation or removal of Ettore Ravazzolo as Debtor's President;
- 9 e. sale or transfer of sufficient outstanding shares of Debtor's common stock to effect
10 a change in the person now holding the controlling interest;

11 27. Upon the occurrence of an event of default, Bank may terminate its consent to the use of
12 cash collateral in the event such default is not fully cured within three (3) business days following e-mail
13 transmission of written notice of default to Debtor's counsel, provided however that Bank's consent to
14 the use of cash collateral shall automatically terminate upon conversion of this Chapter 11 case to a case
15 under Chapter 7.

16 28. This Stipulation is subject to Bankruptcy Court approval after notice and hearing pursuant
17 to Fed. R. Bankr. P. 4001(d).

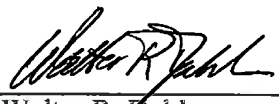
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1 29. Except as may be specifically identified and justified below, this Stipulation contains only
2 operative provisions which will normally be approved by the court in accordance with *Guidelines for*
3 *Cash Collateral and Financing Stipulations* adopted June 16,1994 by the United States Bankruptcy
4 Court for the Eastern District of California:

5 *Provisions which would not normally be approved: None.*

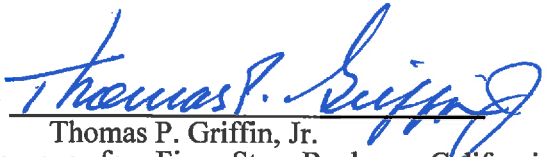
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7 Dated: 17-Apr-2018

DAHL LAW,
ATTORNEYS AT LAW

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9 By: 
10 Walter R. Dahl
11 Attorneys for Caffè Ettore Incorporated, a
12 California corporation

13 Dated: 4/17/18

HEFNER STARK & MAROIS, LLP,
ATTORNEYS AT LAW

14
15 By: 
16 Thomas P. Griffin, Jr.
17 Attorneys for Five Star Bank, a California
18 banking corporation
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Forecast Week	3	4	5	6	7	8	9	10	11	12	13
Status	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Week Beginning	4/9/2018	4/16/2018	4/23/2018	4/30/2018	5/7/2018	5/14/2018	5/21/2018	5/28/2018	6/4/2018	6/11/2018	6/18/2018
Week Ending	4/15/2018	4/22/2018	4/29/2018	5/6/2018	5/13/2018	5/20/2018	5/27/2018	6/3/2018	6/10/2018	6/17/2018	6/24/2018
Total Cash Beg of Week	40,000	2,404	46,946	44,632	35,187	31,001	171,081	127,813	138,008	146,582	154,081

Cash Inflow											
FO Daily Sales	115,000	115,000	115,000	115,000	130,000	115,000	115,000	115,000	115,000	115,000	115,000
Roseville Sales	85,000	85,000	85,000	85,000	100,000	85,000	85,000	85,000	85,000	85,000	85,000
Nugget Collections	22,500	22,500	27,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500
Wedding / Specialty Cakes	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Other Wholesale	29,000	2,500		27,000					27,000		
Other											
Total Cash Inflow	254,500	228,000	230,500	252,500	255,500	225,500	225,500	225,500	252,500	225,500	225,500

Cash Outflow											
Payroll											
401k Benefit			4,100		4,100		4,100	4,100		4,100	
Insurance	30,000				30,000		30,000	30,000		30,000	
Payroll	110,000	60,000	110,000	60,000	110,000		100,000	25,000	75,000	100,000	75,000
Insurance & 401k Deductions		-7,500		-7,500			-7,500		-7,500		-7,500
COGS Payroll Total	140,000	52,500	114,100	52,500	144,100	-	100,000	59,100	75,000	134,100	75,000
Materials and Other COGS	30,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Mat and Other COGS Total PAID OUT	30,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Operating Expenses											
COGA Payroll	50,448	53,240		53,240	12,778		53,240	37,670	53,240	12,778	53,240
Rent & CAM				37,670							
Consulting Fees											
Materials and Supplies	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,600	7,500	7,500
Music											
Vehicle Leases				476			476			8,182	
Cleaning	8,182			8,182		8,182	8,182			1,385	1,385
Fuel	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385
Accounting			1,000				1,000				1,000
Legal				4,000				4,000			
Cloud											
Monthly Merchant Fees				600				600			
Equipment Lease	11,570	488	413	8,610	11,570		413	8,610	11,570		487
Copier Leases/Costs		1,161				488				1,161	
General Liability/Workers Comp.	16,285	1,618		16,285		1,618		16,285		1,618	
Pest Control		480					480				480
Petty Cash Reimb											
Daily Merchant Fees	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Sales Tax			33,666				30,000				30,000
Telephone/Internet/Cable	2,126	305		1,023	1,103	305	1,023	3,374	1,103	305	
Miscellaneous - Non COGS				3,374			3,374				
Owner Draws			10,500				10,500				
Repairs/Maintenance	500	500	500	500	500	500	500	500	500	500	500
Utilities	579	13,850	500		579	13,850		579	13,850		
Operating Expenses Total	101,246	69,927	58,714	146,095	38,086	24,389	108,768	92,855	91,426	23,901	97,842

